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**SOUTH CAROLINA
STATE DEVELOPMENT BOARD**

ANNUAL REPORT

1979-1980



**Printed Under the Direction of the
State Budget and Control Board**

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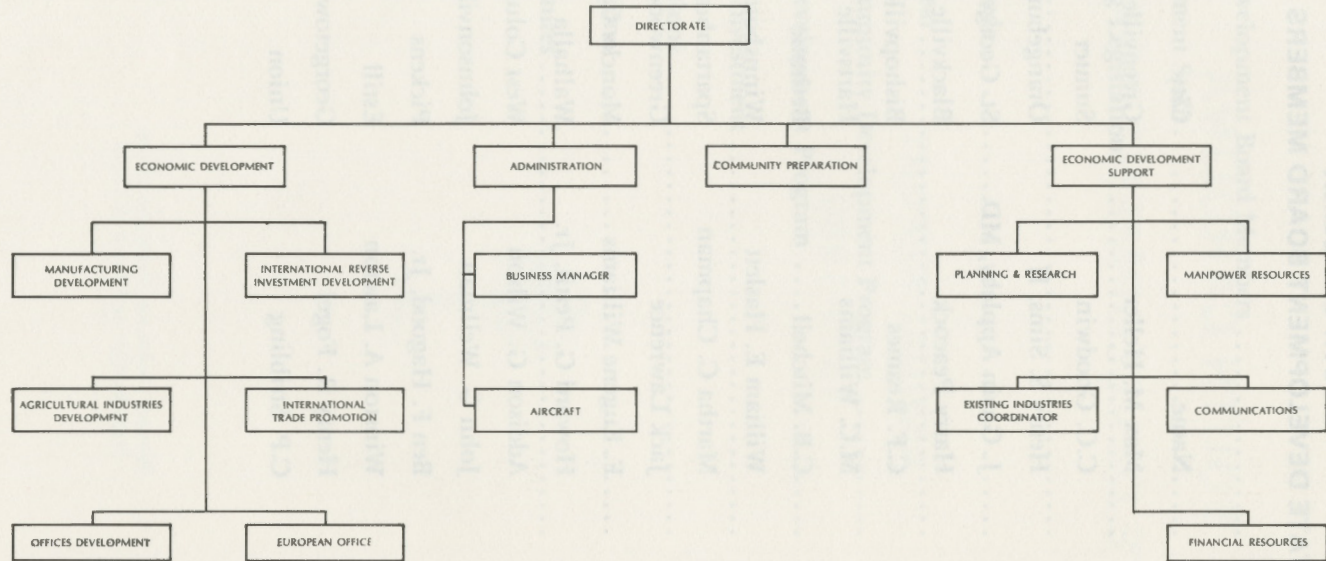
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SOUTH CAROLINA **STATE DEVELOPMENT BOARD MEMBERS**

Judicial Circuit	Name	City
At Large	Max M. Heller	Greenville
At Large	C.C. Goodwin	Sumter
At Large	Henry S. Sims, II	Orangeburg
1st	J. Gavin Appleby, MD.	St. George
2nd	Harry Peacock	Blackville
3rd	C.F. Reames	Bishopville
4th	M.C. Williams	Hartsville
5th	C.B. Mitchell	Bethune
6th	William E. Haslett	Winnsboro
7th	Martha C. Chapman	Spartanburg
8th	Jack Lawrence	Greenwood
9th	F. Eugene Williams	Moncks Corner
10th	Howard G. Pettit, Jr.	Walhalla
11th	Addison G. Wilson	West Columbia
12th	John G. Wellman	Johnsonville
13th	Ben F. Hagood, Jr.	Pickens
14th	Winston A. Lawton	Estill
15th	Henry R. Fogel	Georgetown
16th	C.P. Stribling	Union

SOUTH CAROLINA STATE DEVELOPMENT BOARD ORGANIZATION CHART



MANAGEMENT STAFF OF THE SOUTH CAROLINA STATE DEVELOPMENT BOARD

Robert E. Leak	Director
John C. Hankinson, Jr.	Deputy Director
Robert E. Glover	Associate Director for Economic Development
Edward B. Burgess	Associate Director for Planning and Research
G.L. Daniel	Associate Director for Communications
P.M. Smurthwaite	Manager, Community Preparation
Caleb Whitaker	Manager, Reverse Investment, International Development
Robert Whitaker	Manager, Trade Promotion, International Development
Howard Folkman	Manager, Manpower Resources
Craig Cameron	Coordinator, Existing Industries

ENABLING LEGISLATION

The South Carolina State Development Board was created for the purpose of conducting an adequate Statewide planning program and Statewide program for the stimulation of economic activity to develop the potentialities of the State; to conserve, restore and develop the natural and physical, the human and social, the economic and productive resources of the State; to promote public interest in the development of the State, through cooperation with public agencies, private enterprises, and charitable and social institutions; to promote and encourage industrial development, private business and commercial enterprise, agricultural production, transportation, and the utilization and investment of capital within the State; to assist in the development of existing State and interstate trade, commerce and markets for South Carolina goods and in the removal of barriers to the industrial, commercial and agricultural development of the State; to assist in insuring stability in employment; to increase the opportunities for employment of the citizens of the State; to devise ways and means to raise the living standards of the people of the State; and to advance the general welfare of the people.

HISTORY

The South Carolina State Development Board was created originally in 1942 as the Preparedness for Peace Commission. In 1945 enabling legislation was amended and the agency's name changed to the Department of Research, Planning and Development. Under the 1945 Amendment, the State Development Board assumed the responsibilities of the State Board of Housing, the Building Council of South Carolina, the South Carolina Commerce Department Board, the South Carolina Intra-Coastal Waterway Commission, the State Commission of Port Development, the South Carolina Board for Promotion of External Trade, and the Natural Resources Commission.

Since the 1945 Amendment, some of the responsibilities of the State Development Board have been transferred to other agencies by executive order and legislative amendments. Under Act 682, 1954, the name of the agency was changed from Department of Research, Planning and Development to The State Development Board.

THE DECADE

Promotion of industrial development is one of the primary responsibilities of the State Development Board. The announced new and expanded industry resulting from the promotional efforts of the past decade have been significant factors in raising the economic status of the state. Several economic indicators, especially, show the importance of the industrial development effort.

Capital investment announced by industry during the past ten fiscal years has amounted to more than \$8.2 billion (Table I). Four fiscal years each accounted for more than \$1.0 billion and provided 61% of the total investment. The 1979-80 announced investments reached \$1.7 billion which is the highest single year ever recorded for South Carolina.

The \$8.2 billion invested during the past 10 years was provided by all sectors of the manufacturing industry. However, two sectors, the Chemical and Metalworking Industries, were the predominant contributors and provided 60% of total investments. The Chemical Industries were the largest contributors announcing nearly \$3.0 billion, or 36%, followed by the Metalworking Industries which announced \$2.0 billion, or 25%. Table 2 shows the investments of each industrial sector for the past ten years.

The expansion of new and existing industry created additional employment as well as a wider choice of occupations for South Carolinians. Over 133,000 jobs have been announced during the past 10 years, for an annual average of more than 13,000. Total manufacturing employment has grown from 340.3 thousand in 1970 to 399.3 thousand in 1979, an increase of more than 17%.

Industrial growth and expanded employment have helped to raise wages earned by South Carolina workers. Average weekly earnings for manufacturing workers in South Carolina rose from \$101 in 1970 to \$206 in 1979. This is an average weekly increase for the ten-year period of \$105 or 104.0%.

Earnings of South Carolina workers are at an all-time high. Per capita income has grown at a faster rate in South Carolina than in the United States as a whole. From 1970 to 1979 per capita income rose from \$2,951 to \$7,027, for an increase of 138.1%. United States per capita income, during the same period, grew from \$3,893 in 1970 to \$8,806 in 1977; up only 124%. During the ten-year period, 1970-1979, per capita income in South Carolina rose from 76% to 80% of the United States average.

Another factor which shows the importance of industrial development is value added by manufacture. Value added by manufacture is considered to be one of the best measures of economic contribution of industry. The Census of Manufactures reports that value added by manufacture in South Carolina rose approximately 167.2% from 1967-77 while the overall increase for the U.S. was 123.7% for the period.

Income generated by the manufacturing sector is another indicator of the importance of industry in South Carolina. In 1978 manufacturing was the source of nearly \$5 billion, or 34%, of personal income for South Carolina. This far exceeded the second largest contributing sector, Government, which provided 20% of total personal income. Table 3 shows the contribution of the various industrial sectors to personal income.

FISCAL YEAR

South Carolina industrial expansion in fiscal year 1979-80 set a new record high with announced investments of \$1.7 billion. This was the most successful year on record for South Carolina and surpassed the previous record year, 1973-74, of \$1.2 billion.

The \$1.7 billion in capital investments was provided by announcements from 712 new and expanded plants. Three industry sectors dominated the investments and provided over 70% of the total. They were: Metalworking, \$473 million (27%); Chemicals, \$423 million (24%); and Textiles, \$347 million (20%).

The Metalworking Industries announcements were provided by 250 plants which created over 9000 new jobs. In contrast, the capital intensive Chemical Industries, which accounted for 24% of investments, announced 10% of the jobs. The Textile Industries, the third largest investors with 20%, announced 2,657 jobs, or 13% of the total. Table 4 shows the contributions of each industry sector to the capital investment for this year.

This year's success in industrial development was aided by an extensive and highly successful advertising program.

The promotion of South Carolina through both national and international publications such as *Business Week*, *Forbes*, and *Fortune* resulted in more than 5,479 inquiries. Of this number, 5,146 were potential prospects. In the past four years, over 18,000 potential

prospects have contacted South Carolina as a result of the State Development Board's advertising program.

Other promotional information used to advertise the industrial development effort includes plant announcements, news releases and general data. In addition, the Board publishes a quarterly newsletter which reports on current development activities in the state.

THE COMMUNITY DEVELOPMENT PROGRAM

The Community Development Program, nearing completion of its fourth year, is continuing to help towns with a population of under 15,000 attract industrial prospects. The GREAT (Governor's Rural Economic Achievement Trophy) Town Program is designed to prepare small towns to meet the challenge of attracting industrial prospects.

At the end of fiscal year 1979-80, there were 65 towns participating in the GREAT Town Program of which 35 had been designated as GREAT Towns. In the four years the program has been in existence, 46 new plants have been announced in GREAT Towns, with investments totaling \$129,975,000. Investments as a result of expansion of existing industry amounts to \$180,655,000. Total investments of \$310,630,000 in GREAT Towns over the past four years have provided 6,343 new jobs.

The State Development Board's industrial agents are continuing in their efforts to recommend GREAT Towns to prospective industries. As a result of their recommendations, over 500 visits with prospects have been made to GREAT Towns in the past two and one-half years.

The State Development Board also holds periodic meetings with the coordinators of the GREAT Towns Program to discuss development activities. In addition, a quarterly newsletter is published which contains information concerning industrial development in South Carolina.

RURAL DEVELOPMENT

During the fiscal year, the State Development Board established the Rural Development Advisory Committee to address the problem of developing rural South Carolina. The Advisory Committee is made up of leaders in the public and private sectors and works in

conjunction with a special staff task force. The Advisory Committee and the task force work together to identify and find solutions to the economic barriers in six targeted counties: Clarendon, Jasper, Lee, Marlboro, McCormick and Williamsburg.

In an effort to identify areas which have the greatest economic needs, the State Development Board ranked all forty-six counties in South Carolina, using a number of economic indicators. The bottom six counties were chosen from this list for special assistance from the Rural Development Advisory Committee and the task force.

Assistance to these counties will be in a number of areas. Major areas which will receive special attention by the committee and task force are: a closer working relationship between the local development effort and the State Development Board; help in identifying industrial development leadership; target industry identification; and community promotion. The Rural Development Advisory Committee and task force will also study programs to create an incentive package that will help the economic development of rural areas.

FOREIGN INVESTMENT

As in years past, foreign industrial investment continued to provide a significant portion of announced capital expenditures in South Carolina. During 1979, \$392 million or over 25% of total industrial investment in South Carolina was made by foreign firms. This year became the second highest year on record for direct foreign investment in the state. (Table 5).

Investors from ten countries contributed to foreign investment in South Carolina during the 1979 year. Manufacturers from France accounted for the largest investment with over 35% of \$139 million of foreign capital expenditures. Firms from Great Britain and Germany were also important investors announcing \$97 million and \$90 million respectively. Investments from these three countries accounted for 83% of the foreign industrial investment.

Manufacturers from these three countries have been the main foreign investors in South Carolina. German manufacturers have invested a total of \$884 million or 33% of the recorded foreign capital investment. Great Britain and France have each accounted for more than a half billion dollars and provided 20% of recorded investments. (Table 6).

In total, foreign manufacturers have invested primarily in the

chemical industries. This sector accounted for 49% of the total invested by industry and amounted to \$1.3 billion. Table 7 shows foreign investment by each industry sector.

THE OUTLOOK

Fiscal year 1979-80 led all others in industrial growth for South Carolina. The recession, which began to show signs of affecting the economy at the end of fiscal year 1978-79, continued into the 1979-80 fiscal year. Employment rates, a leading economic indicator often used to illustrate economic conditions, remained relatively level until the spring of 1980 when they began to show minor declines. According to South Carolina economists, the outstanding year in industrial growth contributed significantly to softening the impact of the recession on South Carolina. Additionally, the continuing diversification of the industrial base of the state, enabled it to better withstand fluctuation in the national economy.

Economists are predicting the slowdown in the economy will continue into fiscal year 1980-81, with an upturn beginning by the winter of 1980. The slowdown should be mild compared to the 1974-75 recessionary period; according to most experts. However, economists are predicting that this year will see a decrease in manufacturing employment. This decrease is expected to be offset by an increase in other nonagricultural sectors, particularly the services and trade industries. Average total nonagricultural employment is expected to remain above the previous year's average.

South Carolina's economic slowdown is expected to be mild with only small declines in investment and employment because in recent years the state has been extremely successful in attracting high technology industries that have expanded the state's industrial base. The effects of this expansion will be beneficial to the economy not only in the present but also in future years. The establishment of new first stage high technology industries encourages future growth by user and service industries, creating a second round of industrial development. Manufacturing industries such as electronics, plastics, exotic new fibers, energy conservation and environmental control devices will all play an important role in South Carolina development in the decade of the 80's.

Efforts in the coming year will continue to encourage development activity in those areas of the state where help is needed the most. The establishment of new jobs in areas of highest unemployment and lowest wages will be a goal of the State Development Board.

TABLE I
CAPITAL INVESTMENT
BY FISCAL YEAR

Year	Investment (\$000)	Employment
1970-71	\$ 447,508	13,063
1971-72	295,998	9,342
1972-73	875,210	15,957
1973-74	1,166,935	14,094
1974-75	352,732	7,953
1975-76	510,004	7,309
1976-77	1,119,394	12,636
1977-78	735,463	15,511
1978-79	1,021,251	17,624
1979-80	<u>1,732,202</u>	<u>19,967</u>
Total	8,256,697	133,456

Source: Planning and Research Division, S.C. State Development Board

TABLE 2
CAPITAL INVESTMENT BY INDUSTRY
1970-71 - 1979-80

Industry	Capital Investment (\$000)	% of Total
Food	\$ 221,570	2.7
Textile	1,107,942	13.4
Apparel	83,646	1.0
Wood and Furniture	156,829	1.9
Paper and Printing	456,785	5.5
Chemicals & Allied	2,942,934	35.6
Metalworking	2,049,904	24.8
*Remaining	<u>1,237,087</u>	<u>15.0</u>
Total	\$ 8,256,697	100.0

Figures may not add to 100.0 due to rounding.

* Represents tobacco; petroleum; rubber & plastics; leather; stone, clay and glass; and miscellaneous.

Source: Planning and Research Division, S.C. State Development Board

TABLE 3
INDUSTRIAL SOURCES OF
PERSONAL INCOME
1978

Industry	Income (Millions of Dollars)	Percent of Total
Farms	\$ 319	2.2
Mining	25	0.2
Contract Construction	967	6.7
Manufacturing	4867	33.6
Wholesale and Retail Trade	2072	14.3
Finance, Insurance & Real Estate	607	4.2
Transportation & Public Utilities	873	6.0
Services	1,762	12.2
Government and Government Enterprises	2,913	20.1
Other	65	0.4
Total	\$ 14,470	100.0

Source: *Survey of Current Business*, U.S. Department of Commerce,
August 1979.

TABLE 4
ANNOUNCED CAPITAL INVESTMENTS
BY MANUFACTURING INDUSTRIES
FISCAL YEAR 1979-80

Industry	No. of Plants	% of Total	Employ.	% of Total	Capital Investment (\$'000)	% of Total
Food	46	6.5	1,002	5.0	37,562	2.2
Textiles	102	14.3	2,657	13.3	347,183	20.0
Apparel	45	6.3	2,472	12.4	21,889	1.3
Wood & Furniture	57	8.0	714	3.6	32,305	1.9
Paper & Printing	59	8.3	527	2.6	152,610	8.8
Chemical & Allied	67	9.4	1,993	10.0	423,205	24.4
Metalworking	250	35.1	9,111	45.6	473,321	27.3
Remaining*	86	12.1	1,491	7.5	244,127	14.1
Total	712	100.0	19,967	100.0	1,732,202	100.0

* Includes Tobacco; Petroleum; Rubber and Plastics; Leather; Stone, Clay and Glass; and
Miscellaneous.

Source: Planning and Research Division, South Carolina State Development Board.

TABLE 5
VALUE OF FOREIGN INVESTMENTS AS A PERCENTAGE OF
TOTAL INDUSTRIAL INVESTMENTS IN SOUTH CAROLINA
1960-1979

(\$000)			
Year	Foreign Investments \$	Total Industrial Investments \$	Foreign Investments Percent of Total
1960	32,083	209,759	15.3
1961	500	217,677	0.2
1962	485	210,795	0.2
1963	40,182	264,208	15.2
1964	29,506	281,214	10.5
1965	79,250	600,006	13.2
1966	152,800	509,012	30.0
1967	17,750	305,797	5.8
1968	184,500	635,617	29.0
1969	48,400	706,289	6.9
1970	72,300	319,456	22.6
1971	4,635	473,391	1.0
1972	61,900	502,563	12.3
1973	340,660	1,229,690	27.7
1974	313,053	666,055	46.9
1975	58,800	511,445	11.5
1976	186,005	487,685	38.1
1977	408,162	1,235,171	33.0
1978	208,205	857,233	24.3
1979	392,535	1,541,135	25.5

SOURCE: Planning and Research Division, S.C. State Development Board

TABLE 6
FOREIGN INVESTMENT BY MANUFACTURING PLANTS
BY COUNTRY
(\$000)

Country	1979	% of* Total	Grand Total	% of* Total
Austria	—	—	500	**
Belgium	655	0.2	12,905	0.5
Canada	7,005	1.8	59,829	2.2
Denmark	3,000	0.8	3,000	0.1
France	139,200	35.5	562,892	20.8
Germany	90,265	23.0	884,030	32.6
Great Britain	97,165	24.8	556,214	20.5
Japan	1,725	0.4	258,425	9.5
Netherlands	11,950	3.0	186,575	6.9
South Africa	—	—	6,000	0.2
Switzerland	41,070	10.5	180,401	6.7
Taiwan	500	0.1	500	**
Totals	392,535	100.0	2,711,271	100.0

*Percents may not add to 100 due to roundings

**Less than 0.1

SOURCE: Planning and Research Division, S.C. State Development Board.

TABLE 7
VALUE FOR FOREIGN MANUFACTURING
INVESTMENT BY INDUSTRY
(\$000)

Industry	Investment	% of Total
Textiles	\$ 101,935	3.8
Paper and Printing	206,902	7.6
Chemicals and Allied	1,328,238	49.0
Metalworking	441,681	16.3
Others*	632,515	23.3
TOTAL	2,711,271	100.0

*Includes Rubber and Plastics and Miscellaneous Manufacturing Industries

SOURCE: Planning and Research Division, South Carolina State Development Board.

PUBLICATIONS

South Carolina Industrial Directory
 South Carolina: Profile for Profit (foreign brochure)
 South Carolina Metalworking Directory
 Taxes in South Carolina
 Industrial Financing in South Carolina
 Supportive Services -- State of South Carolina
 Regulations and Pertinent Forms for New Industry
 South Carolina State Development Board News (quarterly newsletter)
 South Carolina State Development Board Annual Report
 The goose is alive (describes the GREAT Town Program)
 South Carolina -- 300 years of commitment to profit .. and to people.
 South Carolina Community Data Sheets
 South Carolina Industrial Building Flyers

EXPENDITURES

Administration	\$ 219,302
Economic Development and Support	2,661,989
Total Expenditures	\$ 2,881,291